

General Elective - Semester I

Entrepreneurial Development

Norin Raj Lakra
Dept of BBA

Unit 1

Entrepreneurial Management

- The Evolution of the concept of entrepreneurship

Concept of entrepreneurship

Entrepreneurship is traditionally been defined as a process of designing or launching a new business. It can be described as a creative and innovative response to environment .such response can take place in any field of social endeavour - business , agriculture,education,social work etc.

Definitions on Entrepreneurship

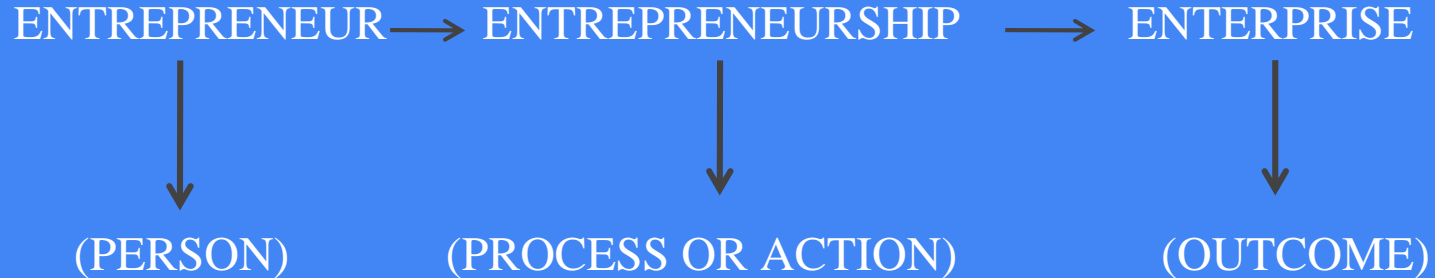
- By Arthur Harrison Cole
- By Joseph A. Schumpeter

According to Arthur Harrison Cole (1889-1974) an economist historian
“Entrepreneurship is the purposeful activity of an individual or a group of associated individuals,undertaken to initiate ,mentain or aggrandize profit by production or distribution of economic goods and services”

According to Joseph A. Schumpeter (1883-1950) a political economist and one of the 20th century's greatest intellectuals, “ entrepreneurship is based on purposeful and systematic innovation. It includes not only the independent businessman but also company directors and managers who actually carry out innovative functions” .

From these definition it basically refers to the funtions of entrepreneurs in establishing an enterprise. In other words , entrepreneurship is the act of being an entrepreneur.

Before going further let us understand the relation between these terms.



We can see that entrepreneur is a person who comes up with innovative ideas and these ideas are processed in terms of action towards fulfilling the needs of people and thus build an enterprise . This enterprise will produce goods and services which will be beneficial to society at large.

Though the term entrepreneur is often used interchangeably with Entrepreneurship, yet they are different .

The word 'entrepreneur' has been derived from French verb which literally means 'to undertake'.

The evolution and development of the term 'entrepreneur' over the period .

PERIOD	CHANGING CONNOTATION
Early 16th century	Reffered to persons engaged in military expeditions
17th century	Extended to persons engaged in construction
Beginning of 18th activities.	used to person engaged in economic aspects of human Century.

Definitions on Entrepreneur

- By Jean Baptist Say
- By Richard Cantillon

According to Jean Baptist Say (1767-1832), the French political economist and businessman, “an entrepreneur is one who combine the land of one ,the labour of another and capital of yet another and thus produces a product. By selling the product in the market he pays interest on capital , rent on land ,wages to labourers and what remains is his/her profit”.

According to Richard Cantillon (1679-1734) “entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at UNC prices in future”.

Relation between Entrepreneur and Entrepreneurship

ENTREPRENEUR

- Person
- Organizer
- Innovator
- Risk-bearer
- Motivator
- Creator
- Visualizer
- Leader
- Immitator

ENTREPRENEURSHIP

- Process
- Organisation
- Innovation
- Risk-bearing
- Motivation
- Creation
- Vision
- Leadership
- Immitation

Characteristics of Entrepreneurs

- INNOVATOR
- RISK- BEARER
- ORGANISER
- FORESIGHT
- TEAM SPIRIT

Eg.of successful entrepreneur of India

Karshan Bhai Patel(Nirma washing powder) , Mahesh. Gupta(Kent RO)

The Evolution of various theories on Entrepreneurship

- Economic Theory by Richard Cantillon
- Sociological Theory by Jean Baptist and Max Weber
- Innovation Theory by Joseph Alois Schumpeter
- Psychological Theory
- Theory of Achievement Motivation

Economic Theory proposes

- Entrepreneurship and economic growth take place when economic conditions are favourable.
- Economic incentives are the main motivator.

Sociological Theory proposes

- Entrepreneurship is likely to get a boost in a particular social culture.
- The behaviour of individual in a society is influenced by
 - Society's value
 - Religious beliefs
 - Customs
 - Taboos

Innovation Theory proposes

- Entrepreneurship is innovation
- This theory ignores the earlier two abilities which were till then considered key for an entrepreneur i.e organising abilities and risk taking abilities

Theory of Achievement Motivation proposes

- People with high achievement orientation are more likely to become entrepreneurs.
- People are more influenced by money or external incentives.
- Profit are only a measure of success and competency and not motivator for entrepreneurship .

Psychological Theory proposes

- Characteristics are formed
- During the individuals up bringing
- By high standards of excellence
- Self reliance and low father dominance.